CITY OF MEMPHIS

2009 BUILDING WAGE RATES AND FRINGE BENEFITS

Fringe Benefits Effective January 1, 2009 through December 31, 2009

CLASSIFICATION			Wage	Benefits	TOTAL
Boilermaker	Constructor de Calderas	1	$ 21.22	$ 13.72	$ 34.94
Bricklayer	Ladrillero	2	$ 18.78	$ 6.55	$ 25.33
Carpenter	Carpintero	3	$ 20.31	$ 7.16	$ 27.47
Cement Finisher, Plasterer	Terminador de Cemento	4	$ 17.25	$ 9.95	$ 27.20
Class "A" Operator	Operador Clase "A"	5	$ 20.42	$ 8.85	$ 29.27
Class "B" Operator	Operador Clase "B"	6	$ 13.50	$ 8.85	$ 22.35
Class "C" Operator	Operador Clase "C"	7	$ 15.88	$ 8.85	$ 24.73
Electrician	Electricista	8	$ 22.06	$ 9.88	$ 31.94
Low Voltage Electrician < 70 Volts	Electricista De Bajo Voltaje<70 Volts	9	$ 20.30	$ 9.88	$ 30.18
Elevator Constructor	Constructor de Elevadores	10	$ 20.32	$ 16.29	$ 36.61
Glazier	Vidriero/Enbarnizador	11	$ 20.12	$ 5.37	$ 25.49
Insulation Worker for Mech. Tr/ Asbestos Worker	Trabajador de Insulacion para Entrenador de Mecanico/Asbesto Trabajadora	12	$ 21.87	$ 9.87	$ 31.74
Iron Worker: Structural, Reinforcing, Ornamental	Herrero	13	$ 21.03	$ 9.91	$ 30.94
Laborer Class A	Obrero Clase A	14	$ 13.12	$ 3.85	$ 16.97
Laborer Class B	Obrero Clase B	15	$ 12.90	$ 3.85	$ 16.75
Millwright	Tornero	16	$ 18.14	$ 8.66	$ 26.80
Painter/Plasterer	Pintor/Transitivo	17	$ 17.53	$ 5.37	$ 22.90
Pipefitter	Instalador de Tuberia	18	$ 25.22	$ 8.80	$ 34.02
Plumber	Plomero	19	$ 25.22	$ 8.80	$ 34.02
Roofer	Tejero/Instalador de Techos	20	$ 19.59	$ 4.42	$ 24.01
Sheet-Metal Worker	Hojalatero	21	$ 26.50	$ 10.10	$ 36.60
Truck Driver (3 or more axles)	Camionero (3 o más ejes)	22	$ 15.13		$ 15.13
Truck Driver (2 axles, over 1 ton)	Camionero (2 ejes, más de 1 tonelada)	23	$ 16.00		$ 16.00
Truck Driver (2 axles, 1 ton & less)	Camionero (2 ejes, menos de 1 tonelada)	24	$ 15.37		$ 15.37

CITY OF MEMPHIS

2009 HIGHWAY WAGE RATES AND FRINGE BENEFITS

Rates Effective January 1, 2009 through December 31, 2009

CLASSIFICATION		WAGE	BENEFIT	TOTAL
ENGLISH	SPANISH			
Bricklayers	Ladrillero	$ 16.62	$6.55	$23.17
Carpenters/Leadperson	Carpintero o Lider	$ 15.78	$7.16	$22.94
Class "A" Operators	Operador Clase A	$ 16.80	$8.85	$25.65
Class "B" Operators	Operador Clase B	$ 14.96	$8.85	$23.81
Class "C" Operators	Operador Clase C	$ 15.44	$8.85	$24.29
Class "D" Operators	Operador Clase D	$ 13.91	$8.85	$22.76
Concrete Finisher	Terminador de Cemento	$ 13.64	$9.95	$23.59
Drill Operation (cassion)	Operador de Perfordora	$ 18.43	$8.85	$27.28
Electricians	Electricista	$ 19.60	$9.88	$29.48
Farm Tractor Operator (Power Broom)	Operador de Tractor de Rancho	$ 12.33	$8.85	$21.18
Iron Workers Reinforcing	Herrero	$ 15.90	$9.91	$25.81
Iron Workers (Structural)	Herrero de Estructura	$ 17.15	$9.91	$27.06
Mechanic (Class 1) Heavy Duty	Mecanico Clase 1	$ 17.69	$8.85	$26.54
Mechanic (Class 11) Light Duty	Mecanico Clase 2	$ 15.95	$8.85	$24.80
Painter/Sandblaster	Pintor o Lijador	$ 21.54	$5.37	$26.91
Powder Person Blaster	Proveedor de Explosivos	$ 17.79	$8.85	$26.64
Skilled Laborer	Obrero Diestro	$ 13.08	$3.85	$16.93
Survey Instrument Operator	Operador de Agrimensor	$ 14.66	$8.85	$23.51
Sweeping Machine (Vaccuum) Operator	Operador de Barredora	$ 13.39	$8.85	$22.24
Truck Driver (2 Axles)	Camionero (2 ejes)	$ 12.76		$12.76
Truck Driver (3/4 Axles)	Camionero (3 o 4 ejes)	$ 12.66		$12.66
Truck Driver (5 or more axles)	Camionero (5 o más ejes)	$ 15.24		$15.24
Unskilled Laborer	Obrero no Diestro	$ 11.27	$3.85	$15.12
Worksite Traffic Coordinator	Coordinar de Trafico en el Lugar de Trabajo	$ 16.65	$3.85	$20.50

Ad Hoc Committee Meeting
September 12, 2005

At the April 5, 2005 Personnel, Intergovernmental & Annexation Committee meeting item # 1 was a discussion of the prevailing wage policy. At this meeting Mr. Dwayne Jones, of the Prevailing Wage office, reported:

The Prevailing Wage office did a random sampling of 12 prevailing wage jobs and found ..... approximately 32.2 million dollars was appropriated, actual cost of construction was approximately 28 million dollars, which produced a savings to the City of Memphis of approximately 4.2 million dollars.

With that in mind lets look at 3 examples of City work and the effects of Prevailing Wage.

(1) Cook Convention Center, No Prevailing Wage or Benefits, Millions of dollars over budget.
(2) Fed-Ex Forum, Prevailing Wage plus 15% Benefits, On time, On Budget, every dollar spent, plus approximately 50,000 additional dollars on law suit settlements.

(3) Sampling of 12 City of Memphis projects. with Prevailing Wages and Full Benefits. A savings of approximately 4.2 million dollars.

When contractors are required to pay Prevailing Wages and Benefits, they are able to attract and retain better-qualified workers. The end result being, a quality project for the tax paying citizens of the City of Memphis.

City of Memphis

Sampling of CIP Projects > $500,000

Project #	CIP #	Project Title	Allocations	Appropriations	Contract	Appr vs. Cont
14P14N	PD037	POLICE ACADEMY EXPANSION	$849,852	$849,852	$786,900	$62,952
14P15F	PD035	INDOOR FIRING RANGE ADDITION	$1,145,464	$1,145,464	$1,060,800	$84,664
14P40A	PD040	POLICE MOUNTED UNIT STABLES	$871,320	$871,320	$529,000	$342,320
14947A	PD000	SOTUHEAST POLICE PRECINCT	$4,866,904	$4,866,904	$4,187,600	$679,304
15P115A	PK083	DALSTROM PARK DEVELOPMENT	$3,700,000	$2,863,731	$2,651,603	$212,128
13F74A	FS024	FIRE STATION #56	$2,149,000	$1,995,815	$1,847,977	$147,838
13F80A	FS039	COUNTRYWOOD FIRE STATION #58	$2,200,000	$2,146,000	$1,987,000	$159,000
15X81A	PK006	ORANGE MOUND C/C	$5,382,997	$5,148,177	$4,339,000	$809,177
36P18C	LI006	HOLLYWOOD BRANCH LIBRARY	$1,369,440	$1,369,440	$1,260,000	$109,440
36P32A	LI003	WHITEHAVEN COMMUNITY LIBRARY	$4,926,667	$3,306,960	$3,062,000	$244,960
36P33A	LI002	CORDOVA BRANCH LIBRARY	$3,506,667	$3,171,960	$2,937,000	$234,960
15C32A	PK01012	WHITEHAVEN NEIGHBORHOOD CTR	$5,305,576	$5,305,576	$4,132,441	$1,173,135
Totals			**$36,273,887**	**$33,041,199**	**$28,781,321**	**$4,259,878**

Under Budget

Do Higher Wages Raise Labor Costs?

Or do workforce skills have greatest cost impact?

Do higher wages raise labor costs? Not according to Bob Gasperow, Director of the Construction Labor Research Council (CLRC).

In a review of Federal Highway Administration (FHA) information in 1995, Bob Gasperow analyzed the available data to determine the correlation between wages, man-hours and highway construction expenditures.

His study's findings illustrate how skills and productivity - not differences in wage rates - are the critical determiner of bottom line labor costs.

Owners, public bodies and local and state legislators tend to believe higher wages add up to higher construction costs, and their reasoning seems to be because prevailing wage opponents constantly promote it.

Gasperow's analysis uses data compiled by the Federal Highway Administration (FHA) that shows construction expenditures or cost savings are related to wages and productivity - and not to wages alone.

Three other factors make the FHA database ideal for this type of scrutiny: It is 1. objective, 2. comprehensive and 3. neutral (not designed to evaluate labor costs). In addition, the data encompasses 14 years so that exceptions and atypical projects reported in a particular state in a particular year have little or no impact upon the findings. Statistics included in study cover all fifty states over the 14-year period from 1980 though 1993 with the following volumes:

	All States	Top 26 States
Total Construction Dollars	$87.1 billion	$67.9 billion
Roadway Miles	98,454	68,976
Bridge Miles	2,138	1,598
Total Construction Miles	100,591	70,573
Labor Hours	1.5 billion	1.2 billion

The total volumes listed above are actual construction expenditures. They do not [illegible] engineering costs, purchases of right-of-way or other costs not directly related to actual construction.

The analysis selected a grouping of states that averaged over $100 million annually to eliminate any variables that might occur in lower dollar volume states.

Highway Costs in 26 Top $$ Volume States (1980-1993)

	Low Wage*	High Wage**	U.S. Average
Average Hourly Wage	$9.76	$17.65	$12.15
Man-Hours Per Mile	$22,837	$13,697	$18,348
Labor Costs Per Mile	$216,864	$241,465	$235,603
Total Costs Per Mile	$1,141,049	$1,017,992	$1,136,963

* Low Wage States: TX, GA, IA, FL, AL, MN, MS, TN, NC, CO, VA, LA, WV
** High Wage States: OH, IL, WI, PA, MO, MI, WA, CA, NY, IN, AR, OR, NJ

These 26 states represent

- 78% of the total construction dollars,
- 70% of total construction miles and,
- 79 % of <u>total labor</u> hours over the 14 years.

As the above table clearly shows, the man-hours to complete a mile of highway are 40 % lower in the ***high wage*** states - in spite of an 81% higher wage rate.

And total dollar costs per mile between low wage and high wage states are 11 % less expensive in high wage states when compared to an 81 % wage rate differential

The bottom line: The use of higher paid; higher skilled workers reaped an average $123,057 per mile savings in the high wage states. This is despite the fact that rates in these states averaged $17.64 an hour compared to $9.21 per hour in lower wage states

Higher skilled productive workers are the key to a project's cost-effectiveness.

This study documents that there is only minimal correlation between the hourly wage rate paid to labor and the cost of a mile of highway.

Moreover, the limited correlation which does exists indicates that the relationship is inverse - higher hourly rates tend to equate to lower highway cost per mile

CLRC's Gasperow explains that the amount/cost of any *single* factor in highway construction - various mixes of equipment, labor, materials and management - reveals little about total cost

Up to a point, factors are substitutes for each other because they may be exchanged. Similarly, within a factor category, there may be substitutes.

For example, workers with varying skill levels may be utilized. Although there are higher costs per unit of time for the more highly skilled, these workers require fewer labor inputs. Therefore, if the gain in output per unit of time exceeds the premium paid to the more highly skilled worker, this becomes a more cost-effective alternative

The analysis of FHA data documents the impact on highway costs of utilizing various amounts of labor inputs at varying hourly rates. Gasperow explains: "It substantiates the lack of correlation between labor inputted into a mile of highway and total cost of project. 'Using higher skilled, higher hourly cost labor substantially lowers the required labor inputs - often to the extent that cost per mile is lower when paying higher hourly labor rates

Gasperow's conclusion: "There is no basis to the claim that lower wage rates result in lower construction costs

To [illegible] see a full copy of the information above, contact the National Alliance [illegible] and ask for a copy of the publication titled "Wages, Productivity and Highway Construction Costs" [illegible] Plaza, Suite 325, Springfield, [illegible] 6270[illegible]
Phone: (800) 52[illegible]
Fax: (217) 522-6588

ADVANTAGES OF PREVAILING WAGE BENEFITS

FAMILY HEALTH CARE - Provides health care for employees and their families, therefore eliminating the need to seek benefits from tax subsidized health care facilities such as the Regional Medical Center and Tenn-Care

With health care, employees continue to be productive workers which in turn enables them to be productive citizens

PENSION / RETIREMENT - Allows employees to retire with dignity, having adequate income to support the local economy

Retired workers can afford to spend part of their income in local shops, restaurants, and pay local taxes.

APPRENTICESHIP TRAINING - Promotes sound investment in human capital and in our physical infrastructure, thus allowing economical development and national security

Establishes an upward mobile track for minority members of the community to advance into higher paying occupations through BAT [illegible] Department of Labor approved programs

SUMMARY - Prevents local labor standards from being artificially depressed by competition for construction contracts, thus preserving local area labor standards. This will significantly reduce the demand for tax subsidized programs, ranging from financial aid to college students to food stamps

Reduces worker compensation costs by providing skilled, trained and dedicated workers who are trained to work safely. Better project safety and quality mean fewer risks of environmental or health disasters to communities

Prevents big government and big business from undercutting local wages, therefore protecting local and private industry and apprenticeship programs

Gives protection to all workers, regardless of race or ethnicity

PREVAILING WAGE & BENEFITS

REDUCES CONSTRUCTION COST BY ENCOURGING THE USE OF MORE QUALIFIED AND PRODUCTIVE WORKERS

PROTECTS LOCAL JOBS BY PREVENTING OUTSIDE CONTRACTORS FROM DUMPING CHEAP LABOR IN THE MARKET

ASSURES QUALITY CONSTRUCTION & REDUCES DELAYS AND OVERRUNS

HELPS MAINTAIN LOCAL TAX BASE

PROVIDES STABILITY IN THE CONSTRUCTION INDUSTRY

INCREASES COMPETITION

ENCOURAGES APPRENTICESHIP TRAINING PROGRAMS

PROVIDES FOR HEALTH CARE

FAIR FOR ALL